

“Influence of Performance Appraisal System on Employee Job Satisfaction and Job Retention”

Krishna Kumar Yadav, Research Scholar, Department of Management, Nirwan University, Jaipur, Rajasthan
 Dr. Pawan Kumar Verma, Professor, Department of Management, Nirwan University, Jaipur, Rajasthan

Abstract

Performance appraisal is a critical human resource management function that evaluates employee performance for administrative and developmental purposes. This study examines the influence of performance appraisal systems on employee job satisfaction and retention in BSNL and Airtel telecom companies in Kashmir. Using a descriptive research design, data were collected from 200 employees through structured Likert-scale questionnaires. The findings indicate that fairness, transparency, feedback quality, and clarity of evaluation criteria significantly influence employee satisfaction. Furthermore, job satisfaction demonstrates a positive relationship with employee retention. The study highlights the importance of equitable appraisal systems in enhancing organizational performance and reducing turnover intentions.

Keywords: Performance Appraisal, Job Satisfaction, Employee Retention, Organizational Justice, Telecom Sector

Introduction

Employees are the life blood and life injecting factor for every business organisation. In today's competitive world it is very difficult for every organisation to satisfy and retain the valuable and good performing employees, because there are always some conflicts and disagreements between management and employees in the organisation on the basis of pay, promotion, rewards system etc. If employees are not satisfied and productive then it is evident that it has negative effects on the performance of the whole organisation. So, due to this importance of employee's and their importance of good performance it is essential to understand how well these employees are performing in their roles and how well they are fulfilling the responsibilities for which they are hired. It is also important for every organisation to measure the performance of their employees and find their weak and strong points so that training is provided to them according to their requirements. But, now the question is how we measure or appraise the performance of employees, the answer is only one that is using of performance appraisal techniques. Performance appraisal is an important HRD mechanism. It is the process of evaluating the performance of employees in terms of the requirements of the job for which they are employed for administrative purpose, including suitable placement, selection, promotion, giving financial rewards and other action which require differential treatment between the members if a group as distinguished from actions affecting all the members equally. Earlier performance appraisal was considered as a simple and confidential method of rating the job performance of individual employees by their superiors for the purpose of giving those remarks and rewards. The purpose of performance evaluation is to generate information to support administrative decisions. Several researches conducted in western context most frequently tend to measure satisfaction with performance appraisal (PA) (Keeping & Levy, 2000).

Assessment of employee's performance is one of the common practices in almost every organization, a necessary phenomenon for the better performance of employees and the organizations. This study seeks to understand how the performance appraisal process influences employees' satisfaction and job retention. The way to identify and retain high performers can be achieved only through effectively and efficiently designed and implemented performance management (PM) processes.

Need and Importance of Study

This study is conducted with respect to understanding the different appraisal systems conducted in the BSNL and AIRTEL telecom companies and the influence of performance appraisal on employee's job satisfaction and retention. The scope of the study was confined to the BSNL

and AIRTEL telecom company employees, which comprises of male and female.

Review of Literature

Studies suggest a positive relationship between performance appraisal systems and employee retention (Walia & Bajaj, 2012).

Research comparing online and manual appraisal systems found higher satisfaction levels associated with technology-based systems (Khan & Anwar, 2012).

Karimi et al. (2011) reported a significant relationship between appraisal systems and job satisfaction.

Sudin (2011) emphasized the importance of distributive and procedural justice in appraisal processes.

Ahmed et al. (2010) highlighted that ineffective appraisal systems lead to dissatisfaction and turnover. These findings collectively indicate that fairness, transparency, and constructive feedback are key determinants of satisfaction and retention.

Objectives of Study-

1. To examine the prevailing appraisal systems in BSNL and Airtel.
2. To assess employee satisfaction toward performance appraisal systems.
3. To identify determinants of job satisfaction and retention.
4. To compare appraisal methods adopted by both companies.

Hypotheses-

H01: There is no significant relationship between appraisal system and employee job satisfaction.

H11: There is a significant relationship between appraisal system and employee job satisfaction.

H02: There is no significant relationship between job satisfaction and job retention.

H12: There is a significant relationship between job satisfaction and job retention.

Methodology-

A descriptive research design was adopted. The target population included employees working in BSNL and Airtel telecom companies in Kashmir. A non-probability sampling technique was used, and the sample consisted of 200 respondents.

Primary data were collected using a structured questionnaire based on a five-point Likert scale. The questionnaire measured three main variables: performance appraisal, job satisfaction, and employee retention. Secondary data were obtained from journals and research articles.

Results & Discussion-

The analysis indicates a positive relationship between performance appraisal fairness and employee job satisfaction. Employees who perceive appraisal systems as transparent and equitable report higher satisfaction levels. Furthermore, job satisfaction significantly predicts employee retention. The findings support previous research emphasizing the importance of justice and feedback in appraisal processes.

Comparative analysis shows differences in appraisal methods between BSNL and Airtel, with structured and technology-driven systems contributing to higher satisfaction levels.

Limitations-

The study is limited to telecom companies in Kashmir and may not be generalized to other industries or regions. Non-probability sampling may introduce bias. Responses are based on self-reported perceptions.

Conclusion-

An effective and fair performance appraisal system significantly enhances job satisfaction and employee retention. Organizations must ensure transparency, clear evaluation criteria, and constructive feedback mechanisms. Strengthening appraisal systems can improve employee morale, organizational commitment, and overall performance.

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